




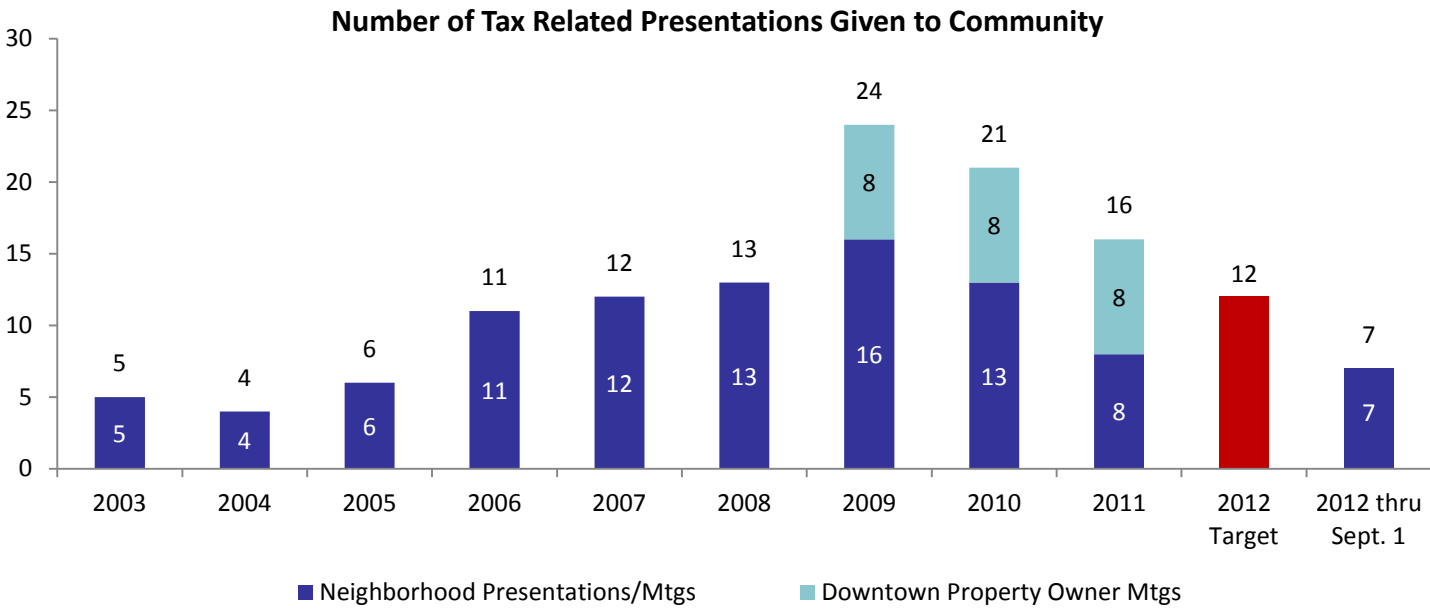
City Assessor

October 2, 2012

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City Assessor

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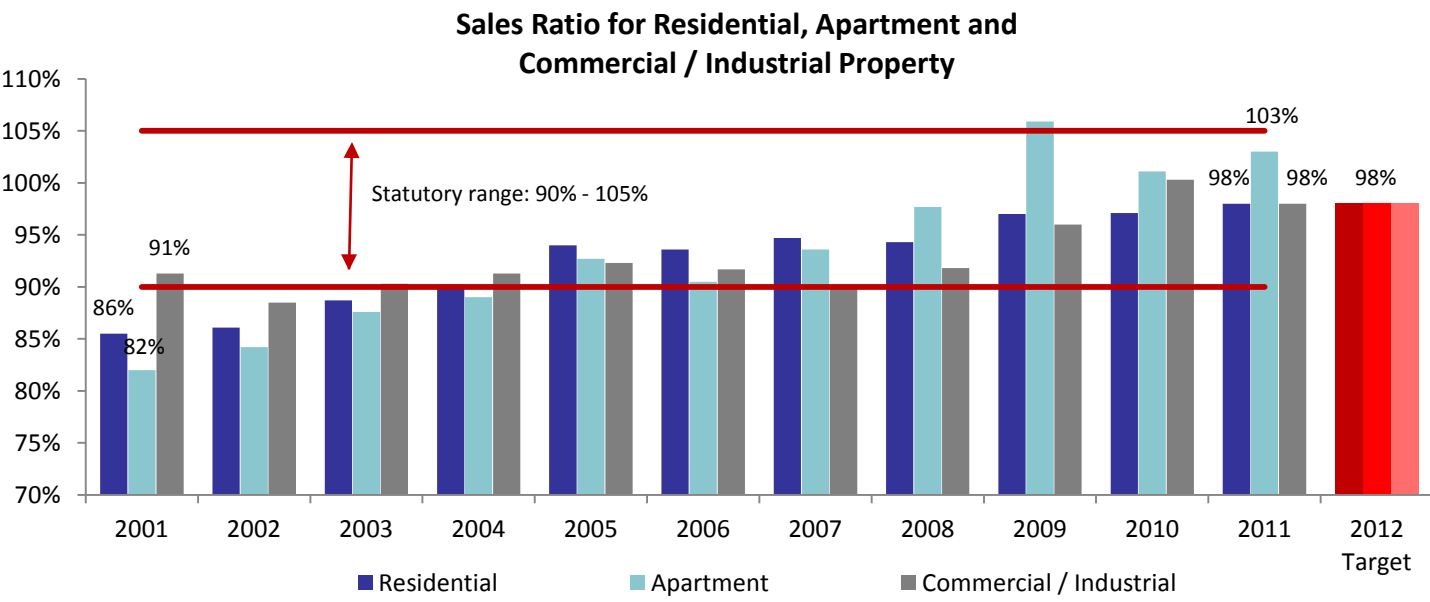
Why is this measure important?

These community presentations help support the achievement of the City’s goal “A City That Works”. The community dialogue supports “Shared democracy empowers residents as valued partners” and “21st century government: collaborative, efficient and reform minded.” Making presentations to community groups provides a forum for the Assessor and staff to engage and dialogue with residents and taxpayers. These meetings also provide opportunities to inform, educate, answer questions and distribute property tax literature. These outreach activities help to mitigate the City’s exposure in future tax court appeals. Meeting with the downtown Class “A” property owners and managers is proving to be beneficial; their property tax revenue presents possibilities of major losses.

What will it take to achieve the targets?

To engage & dialogue with taxpayers, provide information and answer their questions:

- Work with Council Members to identify neighborhood meetings to discuss property taxes;
- Partner with other City departments, like Finance and CPED, at neighborhood meetings;
- Continue to staff public meetings such as City and Hennepin County Truth-in-Taxation meetings; and
- Work with Communications to disseminate information about the special tax programs for populations such as blind and disabled, veterans and senior citizens at community meetings.



Why is this measure important?

Minnesota statutes and the Department of Revenue (DOR) require that the real estate sales ratio fall in the range of 90 percent to 105 percent. The DOR annually audits Minneapolis’s sales ratio to ensure compliance and a fair and equitable distribution of the tax burden. If the ratio moves outside the 15 percent range the DOR could require Minneapolis to revalue all property within the non-compliant ratio category.

The sales ratio calculation is based on the difference between the property's assessed value and the actual sale price of the property. The sales ratio is a measure of the quality and accuracy of the assessment. As the sales ratio trends closer to the 105 percent range, the amount of tax court litigation work for the office also increases.

What will it take to achieve the targets?

To ensure and improve the accuracy of our assessments we need to:

- Increase communications with the Minneapolis Board of Realtors and the Appraisal Institute to identify changes in the real estate market sooner and with greater precision;
- Reduce appraisal staff time dedicated to petitions (counter productive given the current tax court trend) and increase staff time inspecting properties, working with brokers and verifying sales data;
- Continue working with the DOR to review and analyze sales monthly;
- Continue creating and refining Computer Assisted Mass Appraisal (CAMA) models; and
- Collect market data from external sources to track neighborhood changes and trends as factors impacting valuations and healthy housing.

Tax Court Cases and Outcomes

Tax Court Cases and Outcomes												
Tax year court case was initiated	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 thru 9/1
Number of cases petitioned by year	230	305	426	380	363	349	326	341	535	636	547	470
Number of open cases remaining	-	-	-	-	-	-	-	-	75	196	362	333
Number of parcels petitioned	505	621	833	745	968	823	902	1433	2253	2301	1875	1400
Number of parcels dismissed	263	204	374	328	306	384	382	413	594	419	205	41
Number of parcels still under petition	-	-	-	-	-	-	-	-	370	933	1252	1180
Value of outstanding parcels under petition	-	-	-	-	-	-	-	-	\$140M	\$678M	\$938M	\$1.3B

Why is this measure important?

It is important to defend values in order to ensure everyone pays a fair and equitable amount of tax the tax burden. The levy dollars at risk is significant and has potential for an adverse impact on the City's budget and funding if appeals are not aggressively and strategically defended.

The department has aligned resources to handle the significant spike in 2010 and 2011 tax court petitions. The real estate market, the economy, State and local financial challenges and the elimination of the homestead credit continue to trend property taxes upward which is one of the driving forces behind the historically high number of Informal Review Requests, Local Board and County Board cases as well as tax court petitions.

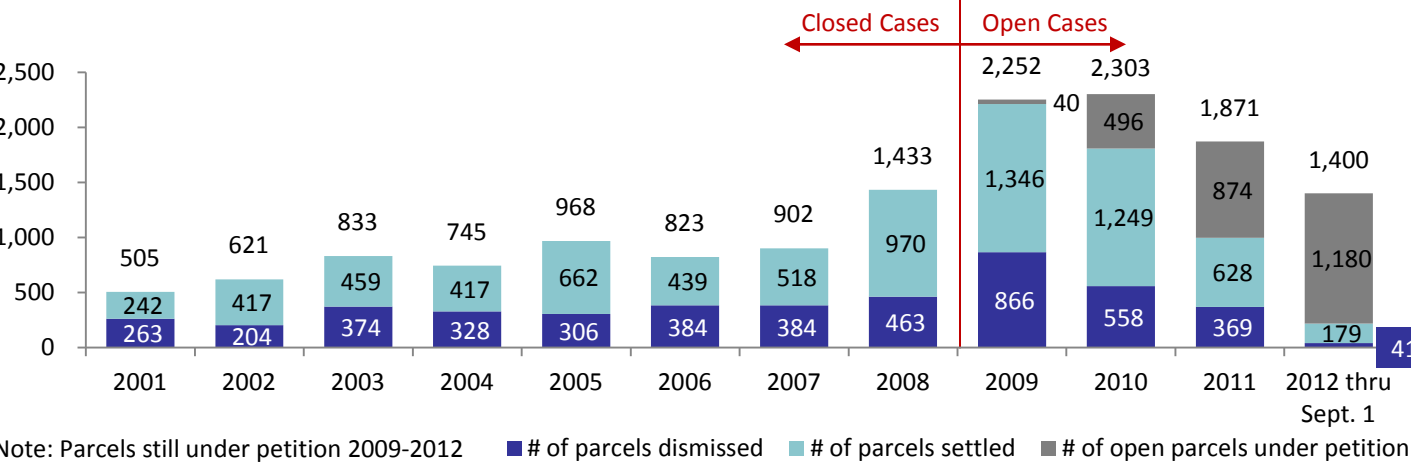
What will it take to achieve the targets?.

Defend the assessment to ensure property taxes are based on fair and equitable market values:

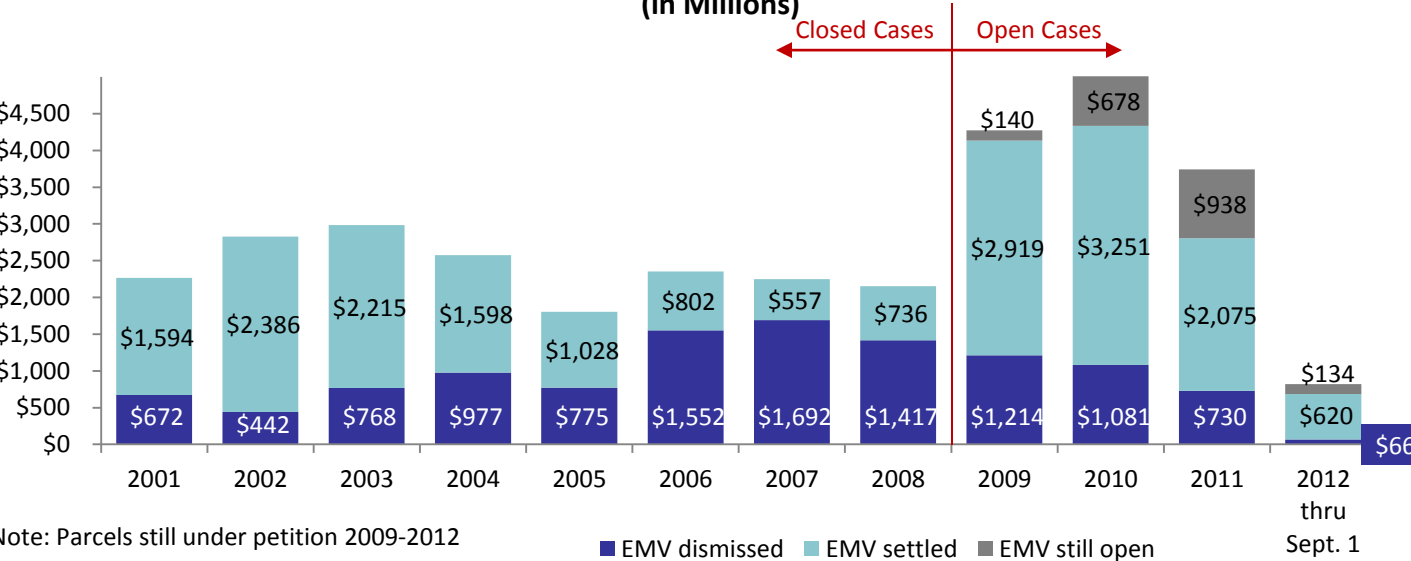
- Continue to be results driven by monitoring capacity, productivity and quality of assessment cycle processes and adjust FTE assignments as warranted
- Improve our data collection processes via technology and increased number of property inspections
- Continue to refine and improve the tax court workflow and appraisal software that assist in the writing and standardization of the narrative appraisals to make it easier and more efficient to produce the court documents
- Negotiate and settle petitions before they are levied thus eliminating property tax refunds

Tax Court Cases and Outcomes

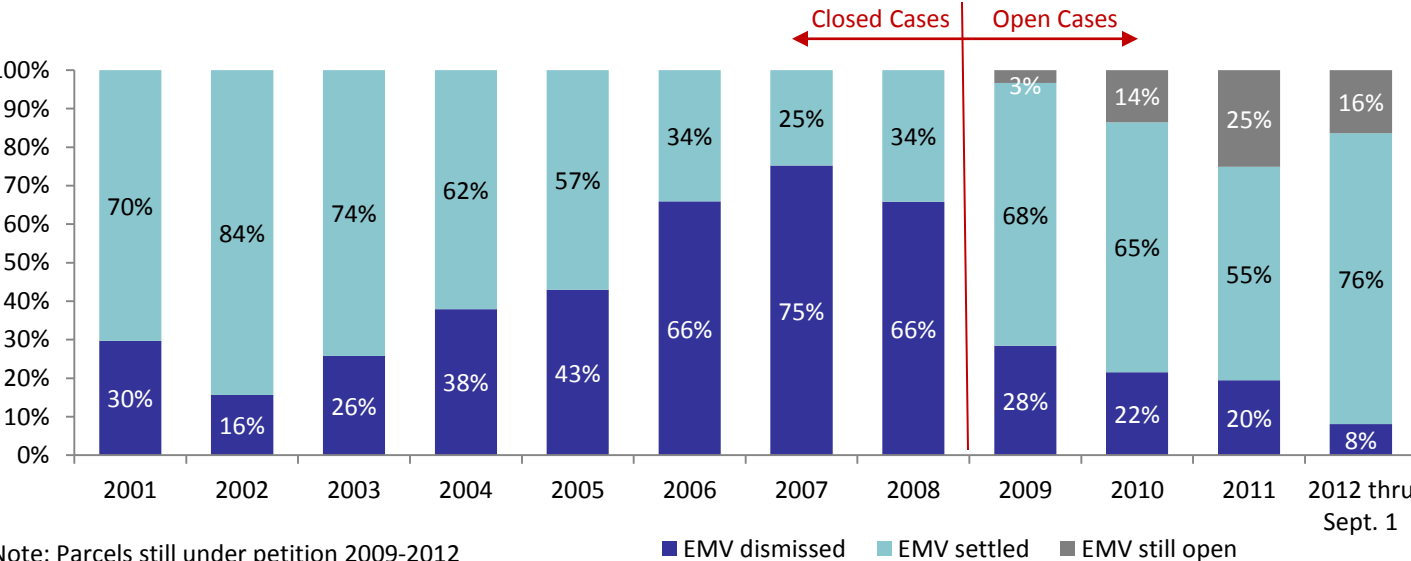
Tax Court Petitions (by Parcel Count)



Success in Achieving Dismissals, by Estimated Market Value (in Millions)

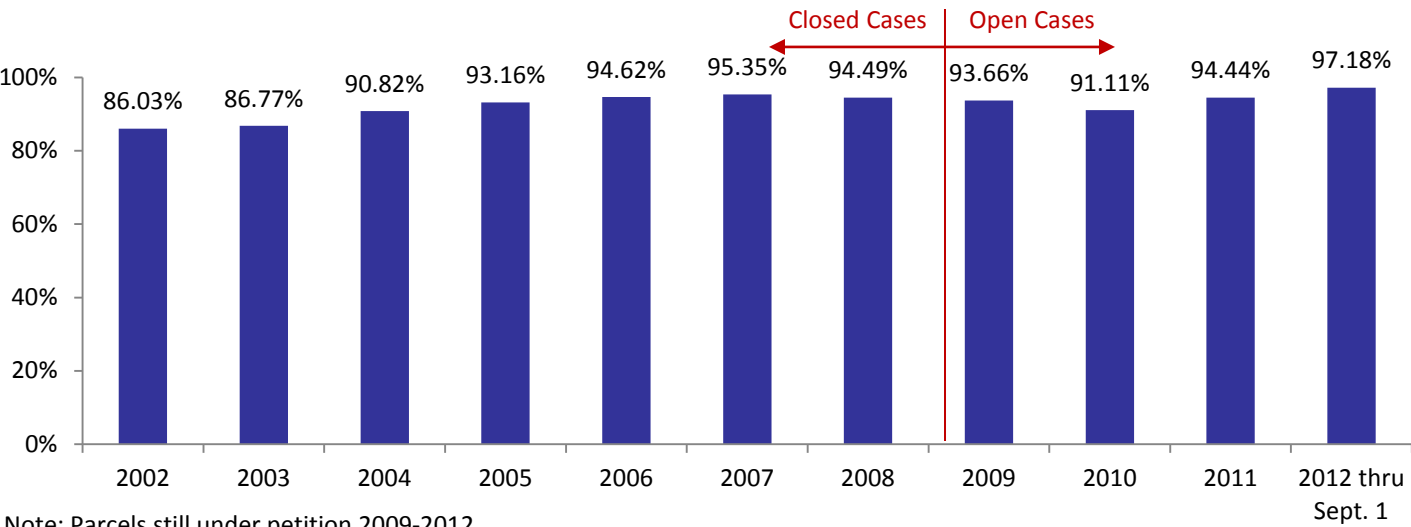


Success in Achieving Dismissals, by Estimated Market Value (%)



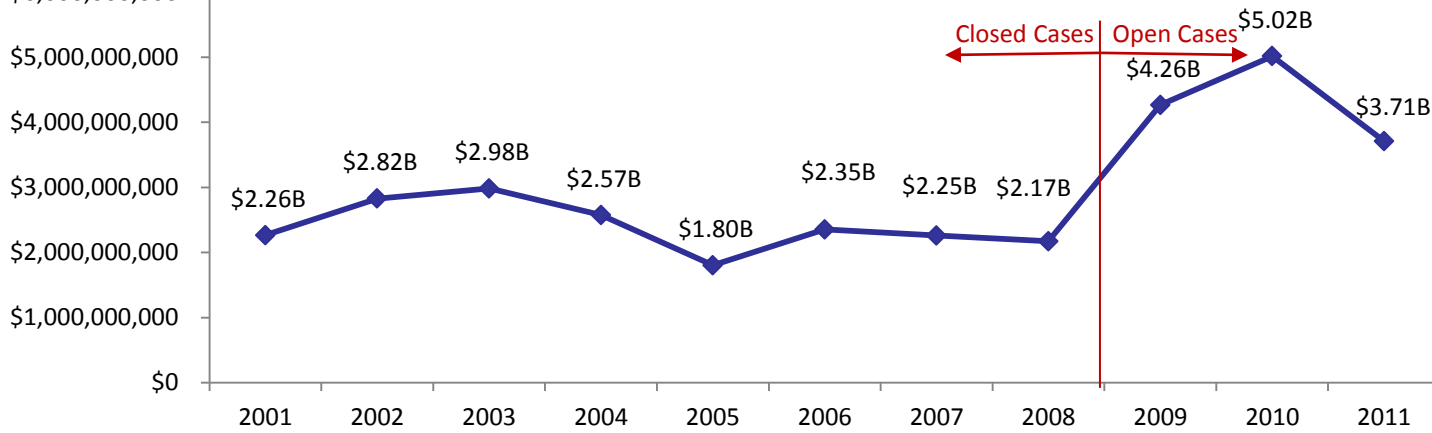
Tax Court Cases and Outcomes

Percent of EMV Retained Following Petitions



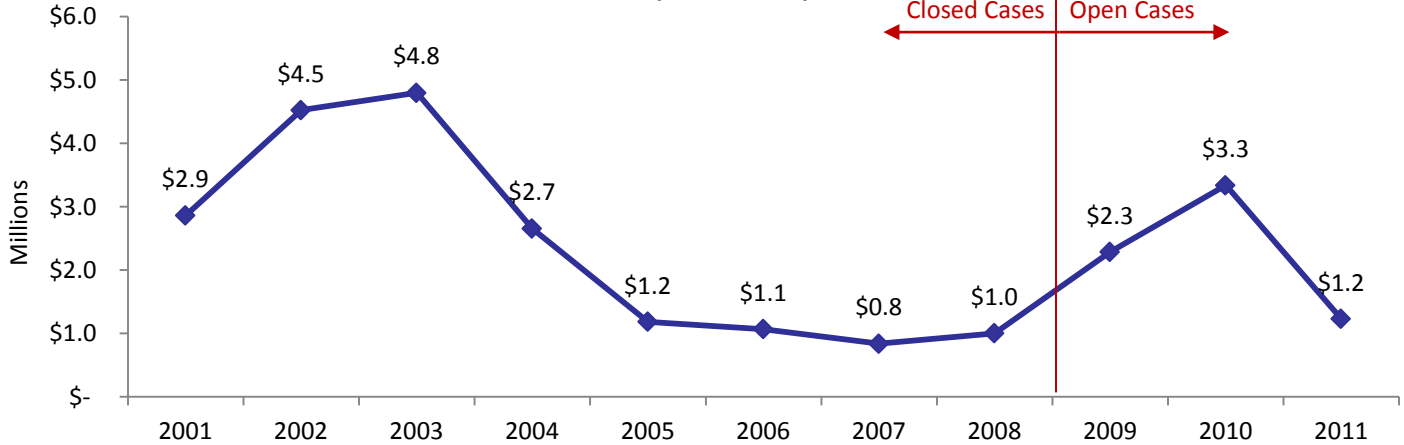
Note: Parcels still under petition 2009-2012

Total EMV Petitioned (in Billions)



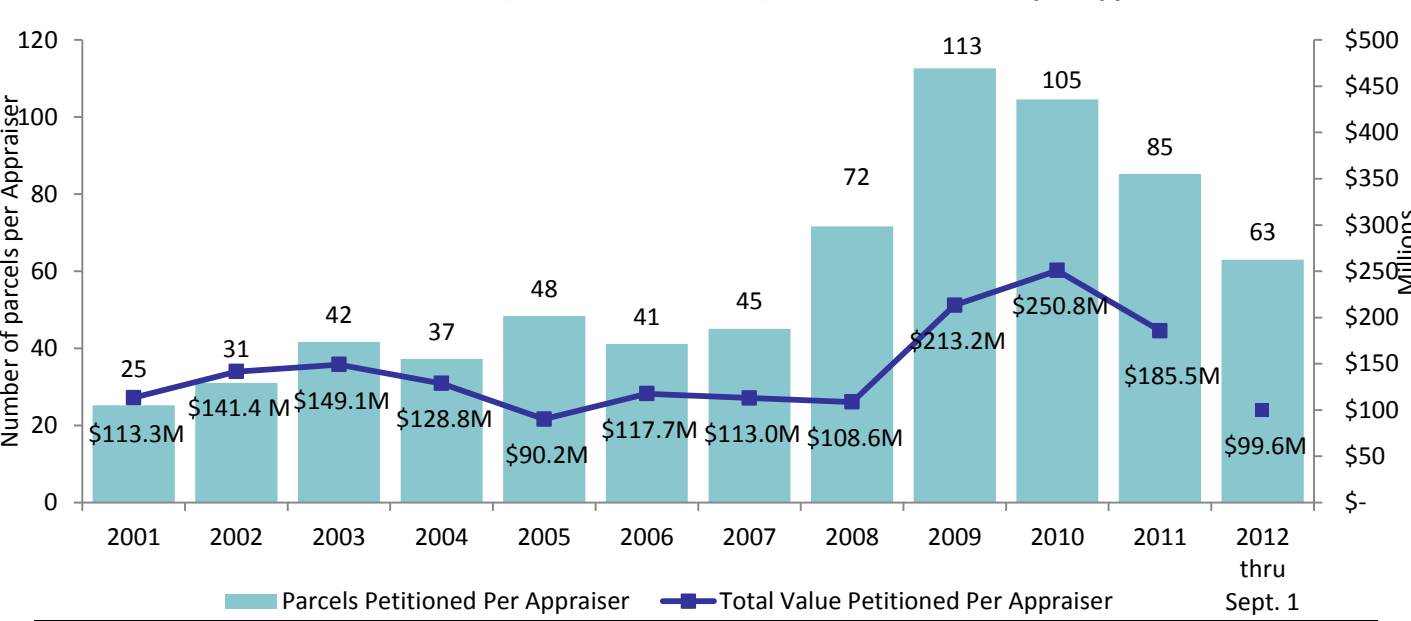
Note: Parcels still under petition 2009- 2012

City Tax Lost Year to Date*
(in Millions)



Note: Parcels still under petition 2009- 2012

Number and Value (in millions of dollars) of Parcels Petitioned per Appraiser



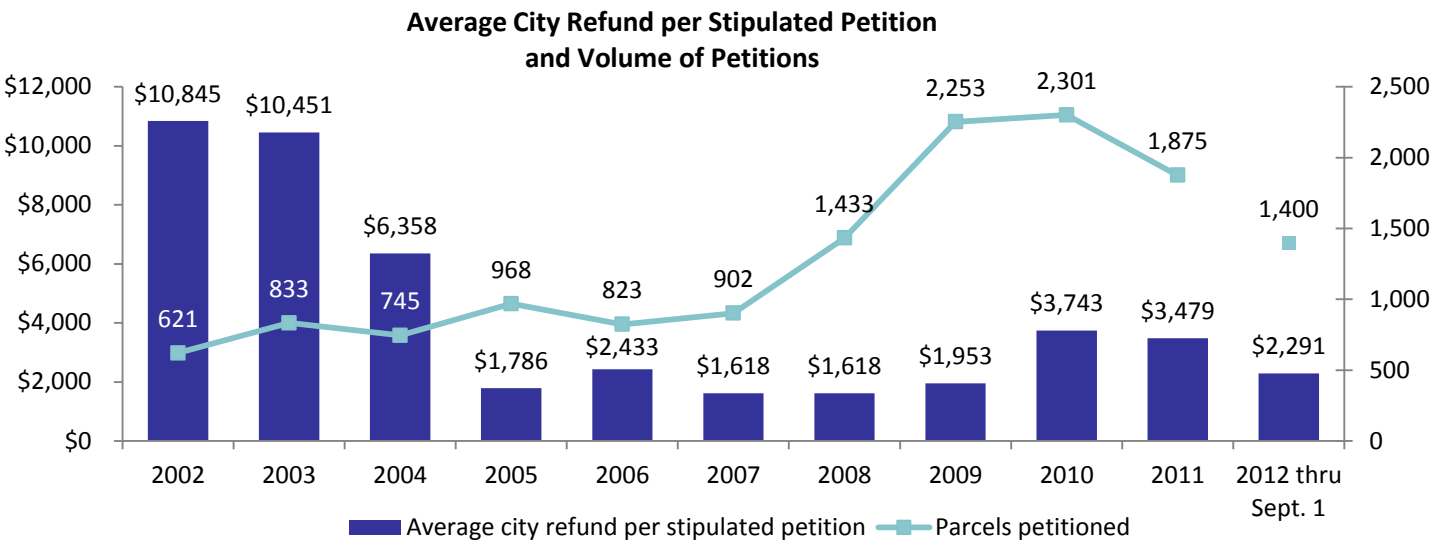
Why is this measure important?

Tracking this measure is important for the department and enterprise business plan and strategic direction. This measure is an early indicator of department work demands. They help define operational and program challenges and exposure to levy loss. Not only does this measure track the number of petitions per appraiser, but also measures the magnitude and complexity (the total value petitioned) of the real estate under appeal compared to previous years. Collecting the data annually paired with trend projections will drive business planning and resource allocation to maintain the successes and outcomes achieved since 2005.

The goal for this measures is to reduce parcels managed per appraiser and maintain a consistent and predictable average refund per stipulation per appraiser.

What will it take to achieve the targets?

- Continue to evolve the methods we use to monitor the business processes of each assessment cycle
- Provide consistent and frequent feedback to staff on their performance
- Continue to make business process improvements and leverage technology to improve efficiency and effectiveness in the original assessment and in the defense of the assessment.
- Work with neighboring municipalities to insure fair, accurate and consistent valuation methodologies are used on all real estate, but most importantly on significant real estate buildings and “big-box” developments to minimize unequal assessment issues.



Note: A stipulated petition results in a changed assessed value

Why is this a priority?

Tax court appeals are 200 percent higher than 2002 while department staff levels (FTE’s) have remained constant requiring the department to find efficiencies and new appraisal tools to manage the increased workload. Failure to successfully manage the increased workload would result in multi-million dollar losses in the general fund.

What strategies are you using to achieve this goal?

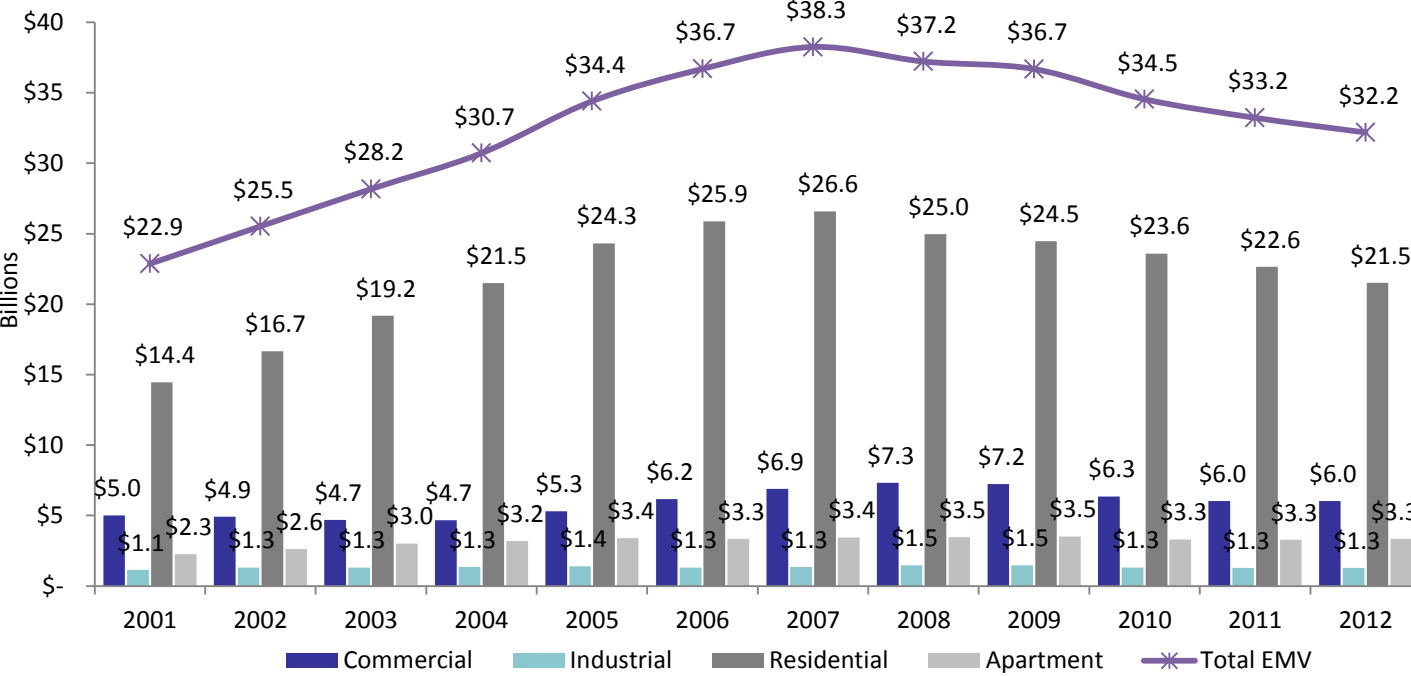
Our business strategy is to continuously reduce staff time to produce a narrative appraisal from 25 days to 10 days via staff training, appraisal technology and workflow analysis. Faster turn-around time in appraisal development will enable the department to handle the increase in workload with the same number of staff with similar or better petition outcomes.

What resources are needed to carry out your strategy?

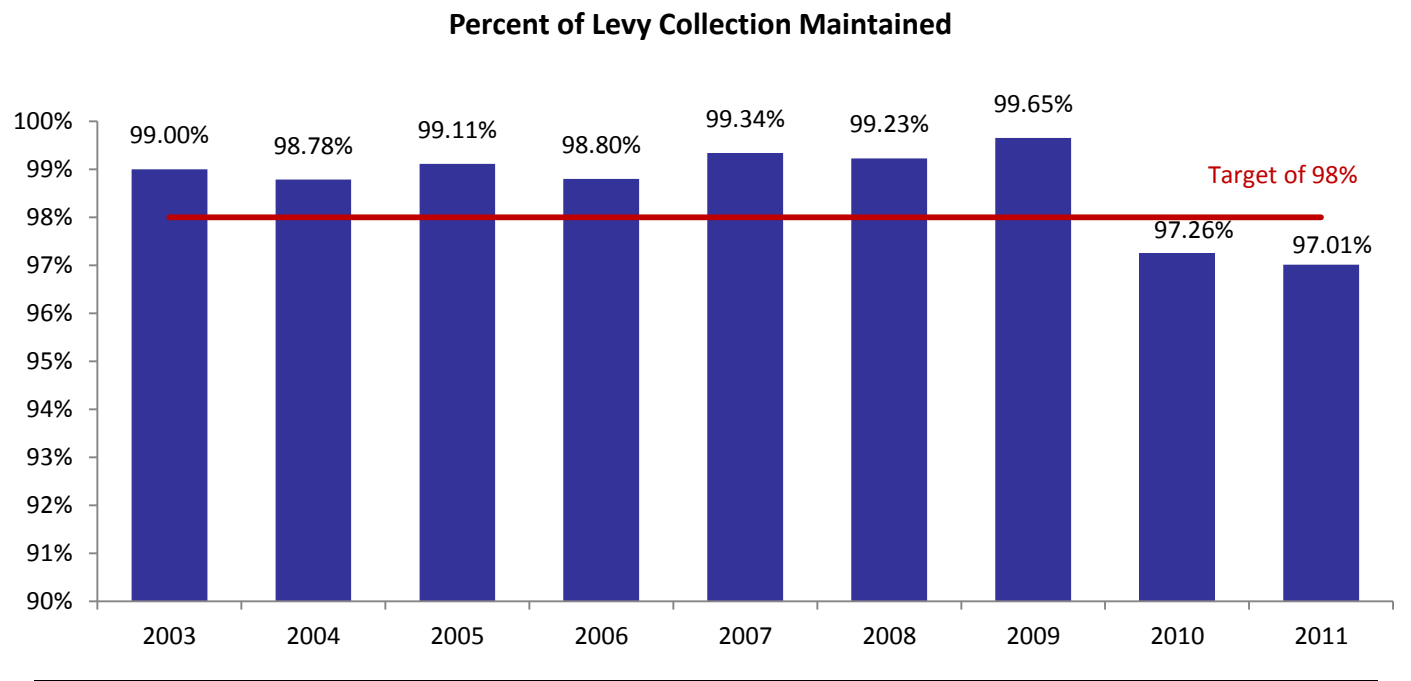
Time and staffing resources to collaborate with other municipalities to develop and share appraisal templates and process improvements.

Appendix

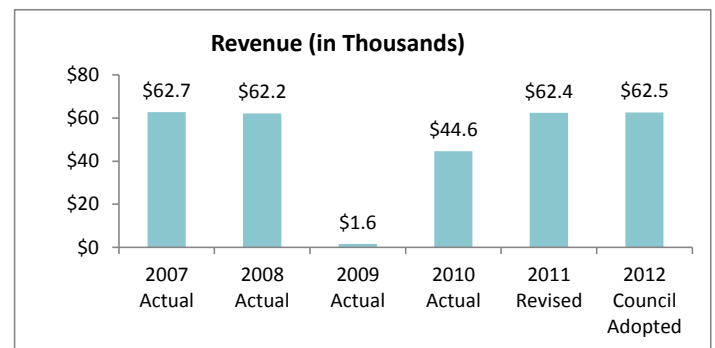
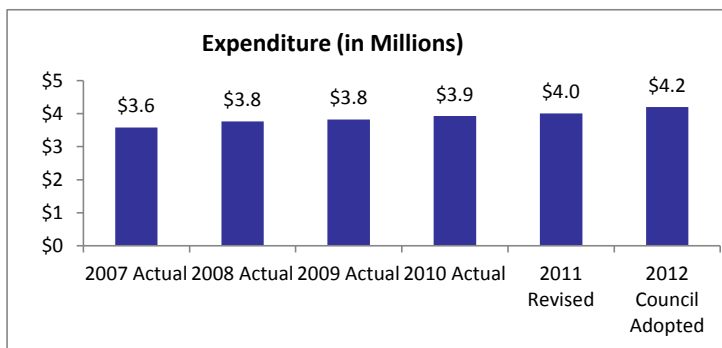
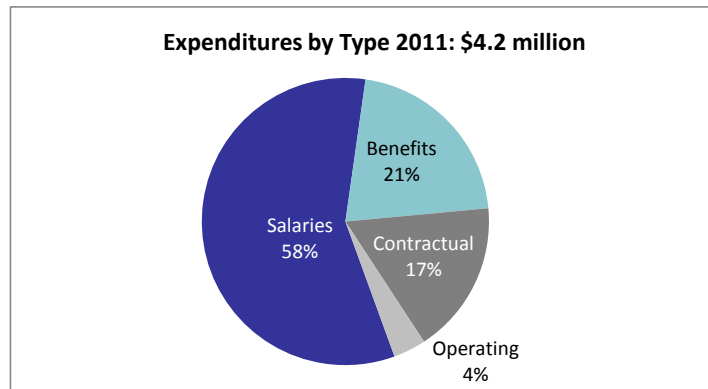
Minneapolis Total Estimated Market Value (EMV) by Property Type



Assessment Year	Commercial	Industrial	Residential	Apartment
2001	\$5,011,061,700	\$1,147,733,000	\$14,445,648,200	\$2,262,704,320
2002	\$4,913,152,000	\$1,314,199,500	\$16,664,347,900	\$2,633,849,100
2003	\$4,688,903,700	\$1,302,065,200	\$19,172,856,300	\$3,005,653,500
2004	\$4,665,147,100	\$1,347,262,100	\$21,504,338,600	\$3,199,757,300
2005	\$5,304,274,900	\$1,392,094,300	\$24,309,841,700	\$3,393,675,300
2006	\$6,164,161,600	\$1,305,857,500	\$25,883,768,200	\$3,341,167,200
2007	\$6,892,689,600	\$1,341,775,300	\$26,571,450,500	\$3,448,334,200
2008	\$7,324,379,000	\$1,458,507,400	\$24,963,455,300	\$3,472,506,900
2009	\$7,240,226,700	\$1,461,942,400	\$24,475,219,830	\$3,509,116,200
2010	\$6,347,326,400	\$1,307,373,300	\$23,578,044,100	\$3,312,499,000
2011	\$6,019,139,000	\$1,291,643,500	\$22,645,544,100	\$3,271,667,600
2012	\$6,036,325,700	\$1,286,702,700	\$21,514,704,900	\$3,345,828,300



Management Dashboard: City Assessor



Loss Prevention Data					
Year	2007	2008	2009	2010	2011
Workers Comp	\$26,672	\$29,311	\$28,176	\$30,339	\$31,091
Liability Claims	\$0	\$0	\$0	\$0	\$0

Average Sick Days Taken per Employee					
Year	2007	2008	2009	2010	2011
Days	8.8	9.3	9.8	8.2	

Workforce Demographics				
Year end	12/31/03	12/31/08	12/31/10	12/31/11
% Female	47%	43%	33%	33%
% Employee of Color	17%	17%	15%	12%
# of Employees	31	35	34	33

* Workforce Analysis Detail included in notes

Overtime Costs					
Year	2007	2008	2009	2010	2011
Hours	8.3	45.8	131.8	7.5	37.5
Cost	\$282	\$2,251	\$5,654	\$ 379	\$1,746

Employee Turnover and Savings					
Year end	2007	2008	2009	2010	2011
Turnover	5.80%	0.00%	8.82%	6.06%	6.06%
Savings	\$96,931				
% of Total Budget	4.97%				

Positions Vacancies					
Year end	2007	2008	2009	2010	2011
Percent of Total	5.0%	5.0%	8.0%	6.0%	6.0%

Performance Reviews Past Due in HRIS		
As of	9/20/2012	3%

Retirement Projections											
Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number	2	1	0	1	3	1	0	1	0	0	0

Notes:

Average Sick Days taken per Employee

- A) Based on the payroll calendar year not the calendar year.
- B) Does not include employees who were in a suspended ("S") Pay Status at the end of a given payroll year.
- C) Includes employees who are in a paid ("P") Leave of Absence status and an unpaid Leave of Absence status ("L").

Overtime Costs

- A) OT amount - Fiscol. Reconciled with CRS and Data ware house queries.
- B) Hours - based on HRIS management reports with payroll data

Workforce Demographics

- A) Includes employee counts at year's end for 2003 and 2007.
- B) Only includes active FT regular employees.

Workforce Analysis Detail

Category of under-utilization: Professional 26 Incumbents Female = 30.8% Avail. = 52.0%

Employee Turnover and Savings

- A) Turnover Savings= \$Budgeted (personnel) - \$Actual (personnel)

Position Vacancies

- A) Includes only budgeted positions.

Retirement Projections

- A) The projected time an employee is eligible to retire is based on service time in HRIS. For employees who received pension service credit in other organizations, the actual year of retirement eligibility may be sooner than the projections show.

